KAROO HOOGLAND MUNICIPALITY

DRAFT ANNUAL REPORT FOR THE 2013/14 FINANCIAL YEAR

CHAPTER 1:

MAYOR'S FOREWORD & EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FORWORD

❖ **Vision**

The Municipal Council of the Karoo Hoogland Municipality will strive to implement / establish a process to improve the quality of life of all its residents by maximum, utilization of resources and the continuous involvement of all community members by enhancing economic, social, health and environmental issues as well as effective service delivery.

❖ **Key Policy Developments**

The following National and Provincial KPA's were approved as part of the IDP and Karoo Hoogland Municipality focused on the following :-

i) Municipal Transformation and Organisational Development
ii) Basic Service Delivery
iii) Local Economic Development
iv) Municipal Financial viability and Management
v) Good Governance and Public Participation

❖ **Key Service Delivery Improvements**

The year under review as well as the previous years were very challenging and the following should be mentioned:

- The Municipalities Annual Financial Statements for the 2011/2012 and 2012/2013 and 2013/14 financial years were all submitted in the 2013/14 financial year. The various Auditor Generals reports for these years will pose a challenge to the Council and personnel to rectify all the various audit outcomes. The audit report for 2013/14 financial year is not yet received from the Auditor General.
- The Annual report for the financial year of 2012/2013 was submitted in time.

During the financial year of 2013/14 the following successes were achieved which also formed part of the approved IDP :

- The Oxidation ponds in Fraserburg was constructed and completed
- The streetlight in Fraserburg and Sutherland was installed and the High Mast Lights in Amandelboom, Williston was completed.

- **Public Participation**

Meetings were held with the community regarding the IDP and Budget. Council also held community meetings before there Council meetings in each ward. Ward Committees were established in Three of the wards and only a few meetings were held during the year.

- **Future Projects**

The following projects were approved for the future:

Construction of Sutherland storm water system.

Upgrading of the water treatment works for the purification of the water in Sutherland.
Upgrading of Williston Internal water reticulation system.

Development/Upgrading of three Sport Grounds
Paving of gravel roads in all three towns

- **Conclusion**

Karoo Hoogland Local Municipality continues to strive to deliver services to its community that is affordable and of an acceptable quality. Council is compelled to deliver these irrespective of the limited resources at the Councils disposal. Council however can't achieve this alone without the partnership of the community. Council therefore urge the community for their support and cooperation to enable Council to achieve the intended objectives.

Finally, I wish to extend my sincere gratitude towards the residents, Council and officials who diligently work together to ensure an environment conducive for economic growth with special focus on poverty alleviation and job creation.

JP Julies
Mayor
23 January 2015

1.1 MUNICIPAL MANAGER'S OVERVIEW

Our aim is to build the capacity of Karoo Hoogland Local Municipality to facilitate good governance and sustainability so that Council is able to meet its community's needs.

VISION STATEMENT

The purpose of a vision statement is to indicate in writing (a statement) what issues should be addressed in order to ensure a better future for all. Different issues/steps should be emphasised on how to create the future. This statement should be realistic and gap the bridge between the current reality (problems) and the future development (better world to live in).

The following **vision** was adopted for Karoo Hoogland Municipality:

"Karoo Hoogland will be an economical growth node in the Northern Cape, earmarked by active community participation. Council must create an environment that will enhance economic development with specific focus on poverty alleviation and the creation of direct and indirect job opportunities. Residents will have direct access to basic minimum services and a culture of pay for services must be promoted. Special focus on the development of life skills, infrastructure and education will add to economic growth. A safe and healthy environment must be ensured for the communities of Karoo Hoogland."

Karoo Hoogland Municipality, as the legitimate representative of the local community, shall strive to promote developmental local government, promote socio-economic development, provide efficient, affordable, sustainable and quality service, improve the general conditions of women, the youth, the disabled and the elderly, protect and conserve the environment, achieve all these, through a strong and stable environment and effective administration. As well as the following:

- Render quality, effective and sufficient services
- Promote the general wellbeing through a safe and healthy environment amongst all residents.
- Equality and fairness in the allocation of resources, and
- Promote sound and sustainable economic growth in the municipal area.
- Karoo Hoogland administrative staff reaffirms its commitment to delivering services to our community, good governance and stable administrative with passion to serve the public.

Mr GW von Mollendorf
Municipal Manager
23 January 201

MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

INTRODUCTION TO BACKGROUND DATA

Karoo Hoogland Municipality consists of Sutherland, Williston and Fraserburg and surrounding rural area.

The municipality comprises an area of 32 274 km² and falls within the area of jurisdiction of Namakwa District Municipality.

Households	* 2204 (Households serviced)
Population	* 11601 (Sensus 2011)
Registered erven	* 4398
Total Households	* 3388 (Including Rural areas)
Indigents	* 1035

Households with access to water and basic services: 2204

Households with access to sanitation:	2204
Households with access to electricity:	1984
Households with access to refuse removal:	2204

Karoo Hoogland Municipality have a total population of approximately 11 601 according to STATS SA Survey done in 2011.

Karoo Hoogland is situated in the most Southern part of the Northern Cape and falls within the area of jurisdiction of Namaqua District Municipality with its head office located in Springbok. The three main towns in Karoo Hoogland are Williston, Fraserburg and Sutherland which are respectively 499 km, 592 km and 539 km from Springbok. Karoo Hoogland Municipality is devided into 4 Wards and there is an estimate of 2204 households in the area serviced by the Municipality.

POPULATION DISTRIBUTION IN KAROO HOOGLAND MUNICIPAL AREA

Fraserburg : 23% of total population
Non Urban areas (Rural) : 31% of total population
Sutherland: 19% of total population
Williston : 27% of total population

It is evident that the most significant portion of Karoo Hoogland's urban population resides in Williston (27%). The Karoo Hoogland LM also has a large rural population, with 31% of its population residing in the non-urban (NU) regions within the Municipality which covers approximately 99% of the LMs geographical area.

The age distribution of a population is important because the largest age group inevitably indicates its own demands on the market.

A large number of residents are still dependant on government grants and is the unemployment rate currently 23.1%. This tendanst in it self have a negative influence on the payment of services and a total of 1035 households are subsidice by the service subsidized scheme.

The Karoo Hoogland population can be regarded as having a high **dependency ratio**. With **10.6%** of the population over the age of 65 and **24.5%** are under 15 years. *The latter youth group will be demanding education, housing and jobs in the near future.* The Karoo Hoogland gender distribution is 47, 8% males and 52, 2% females.

The average population growth rates between 2001 and 2010 are as follows:

- Northern Cape Province (0.3%)
- Namakwa District Municipality (-0.1%)
- Karoo Hoogland Local Municipality (-1.7%)

Wards within the Municipal Boundaries:

- Ward 1 - Williston
- Ward 2 - Fraserburg
- Ward 3 - Rural surroundings
- Ward 4 - Sutherland

3 DEVELOPMENT GOALS

With the vision and the above as guidelines, the input and needs of the inhabitants as a base and the background information, which the Council already has, the following prioritized areas of potential have been identified for developments in the Municipal area:

- KAROO HOOGLAND MUNICIPALITY must deliver a positive contribution to the sustainable growth and development within its boundaries with special reference to economic and social youth development.
- To further enhance the current infrastructure with special reference to basic services and roads.
- The promotion of a safe and tourism friendly environment should be furthered in order to promote tourism and investor interest in the region. (*Tourism, i.e. eco-tourism, agri-tourism and astro-tourism)*
- The promotion of human resources within the organization through apprenticeships and skills development.
- To better the involvement of social organizations and churches.

CHALLENGES FACED BY THE MOST POVERTY STRICKEN WARDS

- High rate of teenage pregnancies
- Increase in drug and alcohol abuse
- HIV/AIDS
- Education and literacy
- Lack of basic life skills
- Increase in crime
- Tuberculosis
- Domestic violence
- High unemployment rate

1.4 PGDS DEVELOPMENT TARGETS

- To maintain an average annual economic growth rate of between 4% - 6%
- To halve the unemployment rate by 2014
- To reduce the number of households living in absolute poverty by 5% per annum
- To improve the literacy rate by 50% by 2014
- To reduce infant mortality by two third by 2014
- To reduce maternal mortality by two third by 2014
- To provide shelter for all by 2014
- To eliminate sanitation problems by 2014
- To reduce crime by 10% by 2014
- To stabilize the prevalence rate of HIV/ Aids and begin the reverse by 2014
- To redistribute 30% of productive agricultural land to PDI's by 2015
- To conserve and protect 6,5% of our valuable biodiversity by 2014 and
- To provide adequate infrastructure for economic growth and development by 2014.

The achievement of the above will see the municipality growing economically and become viable to minimize poverty levels.

SERVICE DELIVERY OVERVIEW

The Municipality deliver services to Williston, Sutherland, Fraserburg and surrounding farms.

SERVICE DELIVERY CHALLENGES FACED BY THE MUNICIPALITY

- With reference to the provision of basic services (water, electricity and sanitation) the municipality does not face any serious challenges as all households in the municipality receive basic services such as electricity, water and sanitation.

- The major challenge is to address the housing backlogs in all three towns as well as the road infrastructure.

ELECTRICITY

The Municipality supplies electricity to Fraserburg and part of Williston. The other part of Williston as well as Sutherland and the rural areas are serviced by ESKOM.

WATER

All households in the Karoo Hoogland Municipal area have access to water.

SANITATION

- All households in the Karoo Hoogland Municipal area have access to basic sanitation.
- Some of the erven in all three towns are connected to a waterborne sewerage system.
- Some erven are still equipped with sewerage drains and the sewerage is removed with sewerage removal vehicles.
- The balance of the erven has dry sanitation toilets, which are also serviced by the municipality.

ROADS

The Municipality is only responsible for the maintenance of certain secondary roads in the three towns. The main roads in the three towns as well as the roads in the rural area are provincial proclaimed roads. The tar roads are not in a good condition and will have to be resealed in the future.

LANDFILL SITE

There are landfill sites in each of the three towns and need to be upgraded in the future.

ACCESS TO ESSENTIAL SERVICES

- The Municipality deliver all essential services in Williston, Fraserburg and Sutherland.
- All households have access to water.
- All households have access to sanitation.
- All households have access to electricity.
- All households have access to refuse removal.

The Municipality deliver services to **835** indigent households.

FINANCIAL HEALTH OVERVIEW

AUDITOR GENERAL REPORT

The Municipality did submit annual financial statements for the three outstanding years and are now up to date. Two of the financial reports was received but the 213/14 financial report is still outstanding.

COMMENTS ON THE ANNUAL REPORT PROCESS.

. The Financial statements for the 2013/14 was completed and handed in on 30 August 2014. However the various audit reports and the audit recovery plan could not be completed due to that not all the audit reports where received from the Auditor General. This makes it difficult to align the new process of compiling the IDP, Budget and Performance Management System. The Municipality also does not have a Performance Management System currently.

FINANCIAL OVERVIEW

FINANCIAL OVERVIEW – YEAR 2013/14			
Details	**Original budget**	**Adjustment Budget**	**Actual**
Income			
Grants	17 339 000		29 932 465
Taxes, Levies and tariffs	20 886 619		19 050 837
Other	1 454 800		5 519
Sub Total	39 680 419		48 988 821
Less Expenditure	39 608 666		53 416 280
Surplus/ (Shortfall)	**71 753**		**(4 427 459)**

OPERATING RATIOS		Budget
Detail	**%**	
Employee Cost	35	18 892 934
Repairs and Maintenance	2	956 023
Finance Charges	1	506 604
Impairment	2	1 327 653
General Expenses	59	31 733 066
Total		53 416 280

CHAPTER 2

GOVERNANCE

The Municipal Demarcation Board annually undertakes capacity assessments of all local authorities in South Africa and makes recommendations to the Provincial MEC of Local Government with regard to the capacity of each municipality to perform its functions in terms of the Municipal Structures Act.
The powers and functions of KHM were not adjusted for the year under review.
The municipality still performs 21 functions which is more than the average of 20 in our province.

POLITICAL GOVERNANCE

The Karoo Hoogland Council consists of 7 Councillors. There are 4 Ward Councillors and 3 PR Councillors. Only the Mayor is a full time Councillor of the Municipality.
The seven councillors represent the following political parties:

- Councillor JP Julies - COPE (Mayor/Speaker)
- Councillor (Ms) GM Beukes - ANC
- Councillor JE Davids - ANC
- Councillor (Ms) CM Fortuin - ANC
- Councillor JJ Van Der Colff - DA
- Councillor ACV Van Wyk - DA
- Councillor (Ms) E Vermeulen - COPE

In terms of Section 9 of the Local Government: Municipal Structures Act (No. 117 of 1998) KHM is a Category B municipality with a plenary executive system combined with a ward participatory system.

Council consists of the following Committees:

ADMINISTRATIVE / FINANCIAL COMMITTEE (4 COUNCILLORS)
This Committee is dealing with all the financial aspects, administrative aspects and personnel aspects of the Municipality.

TECHNICAL COMMITTEE (4 COUNCILLORS)
This Committee is dealing with all the projects, service delivery and infrastructure of the Municipality.

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (3 COUNCILLORS)
This Committee is dealing with all relevant financial, audit issues.

ECONOMIC DEVELOPMENT AND TOURISM (4 COUNCILLORS)
This Committee is dealing with all relevant local economic development and tourism issues.

LAND USE COMMITTEE (4 COUNCILLORS)
This Committee is dealing with all relevant land use, planning and commonage issues.

Total of 14 Council meetings were held during the year.

2.2 ADMINISTRATIVE GOVERNENCE

Municipal Manager (Appointed 4 November 2013)
Mr G W von Mollendorf

Corporate Service Manager(Resigned April 2014)
Mr L Nothnagel

Chief Financial Officer
Mr MK Botha

Deputy Head of Infrastructure Services
Mr FJ Lotter

3 INTERGOVERNMENTAL RELATIONS

PROVINCIAL AND DISTRTICT INTERGOVERMENTAL STRUCTURE

Meetings and interactions on the following levels are regularly attended to enhance the Municipality regarding National and Provincial Government Policies and practices.

- Work closely with District Municipality, Provincial Government, SALGA to finalize the Provincial Urban Development Framework.
- Rollout of National Local Government anti-corruption strategy to all Municipalities and coordinate the implementation of the strategy at a local level.
- Support regarding implementation of the Municipal Property Rates Act.
- Support Municipality to comply with MFMA priority areas for implementation.
- Provincial Government and District Municipality support all Municipalities by prioritizing LED interventions in the Provincial Growth and Development Strategy.
- Customize the National Framework for LED in alignment with ASGI-SA in the District Municipalities and the Municipalities.
- The Provincial IDP engagement process and ensure alignment with LED strategies of Municipalities and PGDS.
- Alignment of all sector plans with the PGDS and IDP's and the NSDP so as to meet service delivery targets.
- District to align sector plans i.e Housing and MIG and Municipalities IDP.
- Alignment of LED with District LED and the Provincial PGDS.

2.4 PUBLIC MEETINGS

Procedures for community participation processes as set out in legislation adhered to by timeously giving out meeting notices. The Council had meetings on the various towns with community meetings the previous night with before the Council meetings

The municipality has made special efforts to enhance communication with the general public through various organized structures. The relationship with organized NGO's such as local ratepayer's associations has improved drastically during the 2013/2014 financial year and regular meetings are being held to discuss matters of mutual interest.

Council has endeavored to meet its legal obligations with regarding public participation with special reference to the following meetings which were held:

- IDP meetings
- Budget meetings

Ward Committees were established; however, unfortunately there were only three wards that held a few meetings further were the ward meetings not very they were not active and functional.

Public Newsletters were circulated as well as public notices to keep the community informed.

- Timeous distribution of Council agendas resulting in an almost 100% attendance of scheduled meetings.
- It is a priority to implement a Document Management System to track and monitor Council resolutions for effective communication.
- The Municipal website currently focuses on tourism and will be utilized in 2014/15 financial year to upload compulsory documents requested by legislation for the community to view and comment on.

COMMUNITY DEVELOPMENT WORKERS

- CDW's deployed.
- There are 5 CDW's in KHM. Two in Fraserburg, two in Sutherland and one in Williston.
- There is a fairly good relationship with them and they are mainly being utilized to promote communication between Council and the public.

DISTRICT IGR FORUM FUNCTIONALITY

- The IGR in the Namaqua District is functional and is attended by the Mayor and the Municipal manager on a regular basis.

IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria	Yes / No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPI's development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPI's in the strategic plan?	No
Do the IDP KPI's align to the Section 57 Managers?	No
Do the IDP KPI's lead to functional area KPI.s as per the SDBIP?	No
Were the indicators communicated to the public?	Yes

CORPORATE GOVERNANCE

OVERVIEW OF CORPORATE GOVERNANCE

Municipalities must exercise their executive and legislative authority within a system of co-operative government as outlined in Section 41 of the Constitution.

The corporate governance component is clearly identified and prescribed in the Municipal Systems Act as well as the Municipal Financial Management Act. The following sub-components are highlighted:

2.6 RISK MANAGEMENT

The MFMA Section 62 (1) c required the Municipality to ensure that the Municipality has and maintain effective, efficient and transparent systems –

i) Of financial and risk management and internal control.

The Municipality does have a Risk Management Policy in place as required in the above section.

An Internal Audit Unit as well as an External Audit Committee is not functional at the municipality

2.7 ANTI-CORRUPTION AND FRAUD

The municipality does have a Fraud and Anti-Corruption Strategy in place.

2.8 SUPPLY CHAIN MANAGEMENT

Karoo Hoogland has established a SCM Unit as required by the MFMA. Posts have also been provided on the organogram to appoint personnel in this unit. However, due to budget restraints these positions have not all been filled yet.

The municipality has a SCM policy in place which is in accordance of the requirements of the MFMA. This policy will be reviewed in the 4014/4015 financial year

2.9 BY-LAWS

Municipality has various policies in place. However, to date only few policies have been promulgated as by-laws. It is envisaged that various policies will be revised during the 2014/2015 financial year with the view to promulgate them as by-laws.

2.10 WEBSITES

The Municipal website currently focuses on tourism and will be redesign in the 2014/205 financial year to be compliant to upload compulsory documents requested by legislation for the community to view and comment on. Some documents have been uploaded, but still needs further upgrading to meet the legislative requirements.

COMMENT ON MUNICIPAL WEBSITE: CONTENT AND ACCESS

The following documentation was uploaded on the Municipal Website in 2013/2014:

- Budget
- Financial Statements
- IDP
- Valuation Roll
- Other Policies
- Notices

PUBLIC SATISFACTION ON MUNICIPAL SERVICES

The Municipality has difficulty with the following services due to lack of sufficient funds to attend to all the necessary maintenance:-

- Electricity
- Water supply
- Road maintenance

The upgrading of these three services will reduce the amount of complaints by the general public. The maintenance of the tar roads is currently not done sufficiently and is still a concern of the community at this stage. The municipality is currently utilizing the funds received through the EPWP program to repair potholes in all three towns.

CHAPTER *3:*

SERVICE DELIVERY PERFORMANCE

The following projects that were part of the IDP were completed to enhance service delivery.

- The construction of the Oxidation Ponds in Fraserburg was completed.
- The streetlights in Fraserburg and Sutherland were installed and the High Mast Lights in Amandelboom was completed

The following projects form part of the multiyear strategic projects in the IDP and have already been approved for implementation in 2015/16 financial year

- Construction of Sutherland Storm water system.
- Upgrading for the water treatment works for the purification of the water in Sutherland
- Upgrading of Williston Internal Water reticulation system.
- Development /Upgrading of Three Sports Grounds.
- Paving of gravel roads in three towns

BASIC SERVICES

3.1 WATER PROVISION

The Municipality is dependent on underground water resources and a system of borehole pumps and pipelines are in place to feed the reservoirs in the three towns from where it is further reticulated to all households. During the year under review new reservoirs were built in Fraserburg, specifically to increase the storage capacity to ensure sufficient availability during power failures.

Water Service Delivery Levels	
Description	**2013/14**
	Actual No
Water : (above min level)	2204
Pipe water inside dwelling	1596
Pipe water inside yard (but not in dwelling)	608
Using public tap (within 200m from dwelling)	0
Other water supply within 200m	0
Minimum Service Level and Above	0
Water : (supply by owners themselves) (agricultural erven)	0
No water supply	0
Total number of households	**2204**

EMPLOYEES WATER SERVICES

The Municipality does not have separate personnel attending to this function as there is a general working team who attend to all infrastructure matters including the provision of water. A portion of the total salary budget is allocated to water services as indicated in the table below.

Financial Performance : Water Services			
Detail	**Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	5 286 206	4 743 431	11%
Expenditure:			
Employees	1 508 683	983 105	53%
Repair and Maintenance	177 000	113 486	56%
Other	2 212 440	4 665 753	(53%)
Total Operational Expenditure	3 898 123	5 762 345	(32%)
Surplus / Deficit	1 388 083	(1 018 914)	

3.2 WASTE WATER (SANITATION) PROVISION

- All households in the Karoo Hoogland Municipal area have access to basic sanitation.
- Some of the erven in all three towns are connected to a waterborne sewerage system.
- Some erven are still equipped with sewerage drains and the sewerage are removed with sewerage removal vehicles.
- The balance of the erven has dry sanitation toilets, which are also serviced by the municipality.
- All three towns have oxidation ponds.

The following projects form part of the multiyear strategic projects in the IDP.

- Eradication of UDS Toilets (389 households remaining)
- Installation of full waterborne sewer system
    - To ensure proper operation and maintenance of existing infrastructure and equipment
    - Replace individual septic tanks with full waterborne sewer system
    - Reduce municipal capital and maintenance costs by removing suction trucks
    - Upgrading of oxidation ponds (completed)

SANITATION SERVICE DELIVERY LEVELS	
Description	**Year 2013/14**
	Actual No
Sanitation / Sewerage (above minimum level)	2204
Flash toilet (connected to sewerage)	950
Flash toilet with septic tank	865
Other Toilet Provisions (above minimum service level)	389
No toilet provision	0
Total households	2204

EMPLOYEES SANITATION SERVICES

The Municipality does not have separate personnel attending to this function as there is a general working team who attend to all infrastructure matters including the provision of sanitation. A portion of the total salary budget is allocated to sanitation services as indicated in the table below.

Financial Performance : Sanitation and refuse Services			
Details	**Original Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue	8 077 921	7 411 469	9%
Expenditure:			
Employees	3 107 794	2 304 131	35%
Repair and Maintenance	625 000	539 000	16%
Other	2 548 511	3 157 346	(19%)
Total Operational Expenditure	6 281 305	6 000 477	5%
Surplus / Deficit	1 796 616	1 410 992	

3.3 ELECTRICITY PROVISION

The Municipality supplies electricity to Fraserburg and part of Williston. The other part of Williston as well as Sutherland and the rural areas are serviced by ESKOM.

The following project was completed in the year under review:

- Upgrading of Electrical Substation : Fraserburg
    - Electrical reticulation throughout Fraserburg is mainly by means of overhead 11kV and low voltage. The age of these networks are in excess of 40 years and have degraded to such a state that normal maintenance and refurbishment is not adequate anymore to ensure safe and reliable operation.

ELECTRICITY SERVICE DELIVERY LEVELS	
	Year 2013/14
Description	Actual No
Energy (above minimum level) conventional meters	0
Electricity –pre-paid (min service level)	1984
Total number of households	1984

The following posts are approved on the organogram and are budgeted for :

- Electrician (1)
- General Worker Electrical (1)

Financial Performance : Electricity Services				
Details	**Actual**	**Original Budget**	**Actual**	**Variance to Budget**
Total Operational Revenue		**10 764 692**	**8 942 078**	**20%**
Expenditure				
Employee		**748 027**	**524 915**	**43%**
Repairs and Maintenance		**45 000**	**72 190**	**(38%)**
Other		**8 745 216**	**8 856 002**	**(1%)**
Total Operational Expenditure		**9 538 243**	**9 453 108**	**1%**
Surplus / Deficit		**1 226 449**	**(511 029)**	

3.4 WASTE MANAGEMENT

The Municipality does not have a Waste management Plan in place; however, this has been identified as a future project. The Municipality has a refuse removal team in each of the three towns. These teams are responsible for the removal of domestic as well as business refuse. The teams each comprises of a tractor driver and general workers and the refuse are collected manually and transported to the landfill sites in each town. Black bags are available to the public at the municipality in which refuse must be placed for removal. The municipality must ensure proper operation and maintenance of existing infrastructure and equipment through licensing and upgrading of landfill sites.

Solid Waste Service Delivery Levels	
Description	**Year 1** Actual No
Removed at least once a week	2204
Removal at least twice a week	0
Total households	2204

3.5 HOUSING

The Municipality does not have a specific staff component to deal with housing matters as the provision of housing is a Provincial function. If a housing project is approved the services Consulting Engineers and Contractors are procured through prescribed SCM Principles. An objective of the municipality is also to enhance sustainable service delivery through infrastructure development with reference to the housing backlog of 680 houses by 2020.

During the 2013/14 financial year no new housing projects were funded.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

Due to the level of unemployment and subsequent poverty in the local municipal area, there are households that are unable to pay for normal municipal services. The Municipality therefore adopted an Indigent Management Policy to ensure that these households have access to at least all basic municipal services and was guided in the formulation of this Policy by the National Government's Policy in this regard.

All households who qualify in terms of the said policy, receives a subsidy on property rates as well as other service charges such as water, refuse and electricity (50kWh of electricity per month free of charge as well as 6000 liters water per household per month (appr. 200 liters of water/ day))

Only households where the accountholder or property owner has registered as indigent in terms of the municipality's annual registration programme and whose registration has been approved and entered into the register of indigents qualify for the above concessions.

The subsidies on rates and the specified service charges will be determined as part of each annual budget and in terms of the Municipality's Policies on property rates and tariffs.

Currently there are **835** households that are receiving indigent support on a monthly basis.

Financial Performance : Cost to Municipality of Free Basic Services Delivered					
Services Delivered	Actual	Budget 2013/14	Adjustment Budget	Actual	Variance to Budget
Water		584 794		595 348	(2 %)
Sanitation and refuse removal		1 840 579		1 740 230	6%
Electricity		149 462		244 779	(39%)

ROAD TRANSPORT

3.7 ROADS

Williston, Fraserburg and Sutherland have tar roads and gravel roads. The Municipality must submit projects to MIG for the upgrading of roads regularly. The tar roads are currently in a poor condition with potholes occurring all over the roads. The Municipality endeavors to arrange training for its personnel to repair potholes and also purchase the necessary equipment and material to do the work in the future.

The Municipality however does not have the financial capacity to budget for the repair of all the potholes. The Municipality will have to seriously consider resealing most of the tar roads in the future before it become lapidated.

The following projects form part of the multiyear strategic projects in the IDP:

- Surfacing of existing gravel roads
    - Surfacing of internal gravel roads using labour intensive methods
    - Manufacturing paving blocks on site using local labour
    - Surfacing of roads with concrete paving blocks
    - Construction 2013 - 2016

- Cross cutting Infrastructure : Upgrading of all major routes
    - Upgrade of all major routes
    - Fabrication of stones
    - Public lighting (High mass)
    - Safety of streets (Speed bumps)
    - Upgrading of Playing grounds
    - Fencing of BNG Houses
    - Upgrading of Community Hall
    - Signage Street names and Numbers
    - Upgrading of pedestrians routes
    - Multipurpose center
    - Driver License Testing Centre
    - Upgrade of Swimming pool

EMPLOYEES ROAD SERVICES

The Municipality does not have separate personnel attending to this function as there is a general working team who attend to all infrastructure matters including road services. A portion of the total salary budget is allocated to road services.

3.8 WASTE WATER STORMWATER DRAINAGE

Storm water drainage forms an integral part of road infrastructure. Due to the fact that the road infrastructure in the three towns is not up to standard it results in poor storm water drainage during times of heavy rain. The maintenance and construction of storm water structures will only be addressed once the municipality receives funds for the upgrading of its road infrastructure.

The Municipality does not have separate personnel attending to this function or a budget in this regard.

3.9 TRANSPORT

Transport is **not a function** of the Municipality, however, there is potential to expand this industry, particularly the provision of public transport through economic development.
The majority of the Karoo Hoogland Local Municipality's population (82.3%) travel to school or to work by foot. Around 6.7% of the Karoo Hoogland population make use of public transport (i.e. the bus, train, taxi, or lifts with other people); while 1.6% make use of bicycles and 9.4% use their own private transport. Donkeys and horses as well as donkey/horse carts are also widely used in the area.
Significant portions of Karoo Hoogland's population are living in small, dispersed settlements and have limited transport capacity to travel the often significant distances between urban centres. As many of these households are also living in poverty, the lack of transport adds to the so-called "poverty trap", as these people are less able to conduct, for example, informal activities to alleviate their circumstances.

COMPONENT C: PLANNING AND DEVELOPMENT

3.10 PLANNING

The Municipality does not have a Planning department and for the purposes of specific town planning matters, the municipality procures the services of a Professional Town planner.

All other land use management matters are delt with in terms of the Northern Cape Development and Planning Act. The municipality does have a Land Use Management Plan as well as a Spatial Development Framework and all matters in this regard are handled by the Corporate Services Department.

During the year under review the Spatial Land Use Management Act was passed by Parliament and all future land use management matters will be dealt with in terms of the new provisions of this Act.

3.11 LOCAL ECONOMIC DEVELOPMENT

Local Economic Development (LED) is an approach to sustainable economic development that encourages residents of local communities to work together to stimulate local economic activity that will result in, inter alia, an improvement in the quality of life for all in the local community.

SECTOR OF EMPLOYMENT, 2009 (SOURCE: QUANTEC DATA 2009)

	Northern Cape	Namakwa DM	Karoo Hoogland LM
Agriculture, forestry and fishing	16.6%	12.6%	23.5%
Manufacturing	3.8%	2.8%	5.3%
Electricity, gas and water	0.6%	0.4%	0.1%
Construction	4.6%	5.7%	1.8%
Wholesale and retail trade, catering and accommodation	16.1%	14.6%	15.5%
Transport, storage and communication	3.2%	3.3%	2.2%
Finance, insurance, real estate and business services	9.2%	8.1%	5.0%
Community, social and personal services	15.5%	17.7%	28.8%
General government	22.3%	18.6%	17.7%

From 1995 to 2009, an average GDP (Gross Domestic Product) growth rate of -0.9% was observed in Karoo Hoogland, which was inadequate to create sufficient jobs in the local economy to reduce the unemployment rate. Karoo Hoogland Municipality has a draft Local Economic Development Strategy which will be approved in 2013/2014 financial year.

In relation to last year's EPWP projects of the upgrading of Bergstraat (Williston) and the Eradication of Persopis trees, there were no EPWP projects during the financial year under review.

THE FOLLOWING LOCAL ECONOMIC DEVELOPMENT POLICY OBJECTIVES WERE TAKEN FROM THE IDP:

Priority Issue: Education, illiteracy and skills development
Objectives:

- Engage with schools and relevant stakeholders regarding access to and development of training infrastructure
- Establish, with relevant stakeholders, general training and skills development programmes accessible by the community
- Engage with relevant stakeholders regarding the enhancement of education in the area

Priority Issue: The successful implementation of the new LED strategy:
Objective:

- To establish partnerships with relevant stakeholders and consult with them in the successful implementation of the LED strategy

Priority Issue: The development of a tourism industry:

Objectives:

- Develop a tourism strategy in consultation with stakeholders
- Develop skills and services related to tourism
- Develop tourism infrastructure
- The marketing of Karoo Hoogland as a tourism destination
- Establishment and enhancement of festivals unique to the area

Priority Issue: Stimulate local economy

Objectives:

- Attract potential investors through incentive programmes
- Develop basic infrastructure on vacant municipal land e.g. water, electricity
- Enhance skills and SMME development with a view to marketing services outside the region
- Identify agricultural projects for development and marketing

Priority Issue: Address social challenges that hinder economic development

Objectives:

- Establish, in consultation with stakeholders, a strategy for the management of alcohol abuse and related welfare challenges
- Develop or identify infrastructure to support social welfare programmes
- Develop and enforce by-laws relating to establishments that contribute to social challenges
- Develop youth empowerment programmes
- Develop and source skills related to social development

Priority Issue: Safe and affordable haven for visitors and residents

Objectives:

- Development of public facilities such as parks, sport and recreational infrastructure
- Engage with business sector regarding affordability of goods
- Develop, in collaboration with stakeholders, a crime prevention strategy
- Develop, in collaboration with relevant government departments, sufficient available health services
- Enhance access to public transport

Priority Issue: Develop environmental Policies and by laws

Objectives:

- To address environmental challenges and compile strategies
- Wetland Protection Strategy
- Revised and implement Integrated Waste Management Strategy
- Develop and Implement Environmental by laws
- Develop, mechanism to ensure environmental accountability and reporting

COMMUNITY & SOCIAL SERVICES

3.12 COMMUNITY AND SOCIAL SERVICES

INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES (LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, OTHER THEATRES, ZOOS ETC)

LIBRARIES

The Municipality has four Libraries that render services to the communities of Williston, Fraserburg, Sutherland.

MUSEUMS

The Municipality operates and maintains two museums, one each in the towns of Williston and Fraserburg.

CEMETERIES AND CREMATORUIMS

The Municipality has a cemetery in each of the towns which are maintained by municipal workers. The Municipality does not have any crematoriums.

The Municipality does not have separate personnel attending to this function or a budget for it.

The following project has been identified in the IDP:

- Environmental Impact assessment with the view to expand current cemeteries

3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES

The Municipality does not provide this service as it is a Provincial function.

ENVIRONMENTAL PROTECTION

3.15 POLLUTION CONTROL

The Municipality does not provide this service as it is a Provincial function and services are provided by Namakwa District Municipality.

HEALTH

3.16 HEALTH / AMBULANCE SERVICES

This is a Provincial function and provided by the Department of Health. The service is however not satisfactory due to the shortage of doctors, ambulances as well as inferior conditions of the road infrastructure between the towns.

3.17 HEALTH INSPECTIONS AND ABATTOIR

This service is rendered and financed by Namakwa District Municipality on a contract based to the Municipality.

SECURITY AND SAFETY

3.18 FIRE / DISASTER MANAGEMENT

Fire Services is currently a function of the Namakwa District Municipality however the Municipality do have a water truck and fire units for emergencies to attend to. The compiling of a Disaster Management Plan is currently a responsibility of Namakwa District Municipality who assists us with it.

SPORT AND RECREATION

3.19 SPORT AND RECREATION

The Municipality has sport grounds in Williston and Fraserburg which are maintained by municipal staff.

CORPORATE POLICY OFFICES AND OTHER SERVICES

3.20 EXECUTIVE AND COUNCIL

The Municipal Council consists of 1 full time Mayor and 6 part time councillors. The Municipal Manager is the Chief Executive Officer of the Council and also the Accounting Officer in terms of the MFMA.

The main priorities of Council are outlined in the Key Performance Areas as contained in the IDP:

SERVICE DELIVERY

Priority Issue: Lack of infrastructure for proper service delivery

Objectives:

- To enhance sustainable service delivery through infrastructure development
- To ensure proper operation and maintenance of existing infrastructure and equipment
- To develop appropriate skills required for efficient service delivery
- To ensure a healthy environment for all residents with reference to combinable diseases
- Provision of standard sanitation for all residents
- Improve the storm water infrastructure
- Improve road infrastructure

FINANCIAL VIABILITY

Priority Issues: The development of a financial plan with strategies to ensure that Karoo Hoogland will be a financial viable entity.

Objectives:

- To seek commitment of provincial treasury to assist with the development of a financial plan.
- To convert to GAMAP/GRAP Standards
- Continuous focus on credit control

MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

Priority Issues: To establish proper administrative and institutional infrastructure to properly regulate the implementation of the IDP

Objectives:

- Implementation of a new organogram with job descriptions

GOOD GOVERNANCE AND PUBLIC PARTICIPATION

Priority Issue: To ensure that the Constitution of South Africa is applied in Karoo Hoogland to improve the quality of life of all its citizens and to establish a society based on democratic values, social justice and fundamental human rights.

Objectives

- To actively involve the public in local government management
- To monitor and evaluate the performance of council in terms of its PMS

3.21 HUMAN RESOURCE SERVICES

There are 106 posts approved on the current organogram and there are currently 5 vacancies on the approved organogram. Due to budget constraints the Municipality is not able to appoint all personnel as indicated on the approved organogram.

Karoo Hoogland Municipality will be undergoing a Work-study process to revise the organizational structure in 2013/2014 for implementation in 2015/2016 financial year. Karoo Hoogland Municipality recognized the significance and importance of the development and management of its employees in order to deliver an optimal service to the community.

STAFFING AND MANAGEMENT PROFILE

- The total staff complement as at 30 June 2014 was 101 employees.

STATUS OF MANAGERIAL POSITIONS AS AT 30 JUNE 2014

Municipal Manager appointed in November 2013

- Head of Corporate Services is currently vacant
- Deputy Head of Infrastructure Services appointed on 1 September 2011
- Chief Financial Officer appointed on 1 February 2011

SKILLS DEVELOPMENT AND TRAINING

- ❑ The WSP was submitted on 30 June 2014 in terms of legislative requirements.
- ❑ In order to promote and enhance skills development and training, a HR Officer was appointed during the 2010/2011 year

EMPLOYMENT EQUITY PLANS & IMPLEMENTATION REPORTS

- The Employment Equity Plan is revised and submitted to the Departments of Labour and COGHSTA every two years. It was submitted in January 2014 for the period 2012- 2013.

CHAPTER 4

ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 POLICIES

POLICIES

NO	Name of Policy	Date adopted by Council
1	AANKOOPBESTUUR – VERKRYGING VAN GOEDERE & DIENSTE → INCORPORATED IN THE NEW SUPPLY CHAIN MANAGEMENT POLICY	10 JULIE 2001
2	AANVRAAGBESTUUR → INCORPORATED IN THE NEW SUPPLY CHAIN MANAGEMENT POLICY	24 AUGUSTUS 2005
3	AMPTELIKE WERKSURE / OFFICIAL OFFICE HOURS	10 JULIE 2001
4	ARGIEF / ARCHIVE	10 JULIE 2001
5	ARMLASTIGE BEGRAFNISSE/ INDIGENT FUNERALS	10 JULIE 2001
6	BANKFASILITEITE & TEKENMAGTE / BANKING FACILITIES & SIGNING AUTHORITY	10 JULIE 2001 15 MEI 2013
7	BATEBESTUUR / ASSET MANAGEMENT	5 DESEMBER 2001
8	BESIGHEIDSADVIESSENTRUM / BUSINESS SUPPORT CENTRE	10 JULIE 2001
9	DISSIPLINêRE PROSEDURE / DISCIPLINARY PROCEDURE	KOLLEKTIEF BEDING / COLLECTIVE
10	GEBRUIK VAN ALKOHOLIESE DRANK / USE OF ALCOHOL	9 JUNIE 2005
11	GELYKE GELEENTHEDE / EQUAL OPPORTUNITIES	10 JULIE 2001
12	GRIEWE PROSEDURE / GRIEVANCE PROCEDURE	23 JUNIE 2004 & 30 JUNIE 2004
13	HIV/VIGS / AIDS	3 NOVEMBER 2004 23 JUNIE 2004 & 30 JUNIE 2004
14	INTERNET	29 AUGUSTUS 2002
15	KOMMUNIKASIE / COMMUNICATION	31 JANUARIE 2007
16	KORRESPONDENSIE / CORRESPONDENCE	10 JULIE 2001

17	**KREDIETBEHEER, DEURNIS- , INVORDERINGSBELEID CREDITCONTROL & DEBT COLLECTION & INDIGENT POLICY**	HERBEVESTIG: 5 MEI 2011 KREDIETBEHEER : 26 MEI 2009 KREDIETBEHEER & INVORDERINGSBELEID: 15 SEPTEMBER 2008 9 JUNIE 2005 10 JULIE 2001
18	**LOGISTIEKE BESTUUR, REKWISISIE, AANKOOP, ONTVANGS & UITREIKING / LOGISTICS MANAGEMENT, REQUISITION, RECEIPT AND ISSUING**	24 AUGUSTUS 2005
19	**MEDIA**	29 AUGUSTUS 2002
20	**MIGRASIE / MIGRATION (RELOCATION)**	10 JULIE 2001
21	**PRESTASIEBESTUUR / PERFORMANCE MANAGEMENT**	29 AUGUSTUS 2002 4 JUNIE 2002 10 JULIE 2001
22	**PRESTASIETOEKENNINGSFUNKSIE / PERFORMANCE AWARD FUNCTION**	12 JANUARIE 2006 3 NOVEMBER 2004
23	**REGISTER VAN GEDELEGEERDE BEVOEGDHEDE / SYSTEM OF DELEGATIONS (DELEGATION OF POWERS)**	31 JANUARIE 2007 TEKENMAGTE : 22 FEBRUARIE 2005 28 AUGUST 2013 (REVISED)
24	**REGULERING VAN DIE AANHOU VAN DIERE, HONDE, PLUIMVEE & BYE / ANIMAL CONTROL**	
25	**REIS & VERBLYF / TRAVEL & SUBSISTENCE**	NUUTSTE VORM: JUNIE 2013, *15 NOVEMBER 2011* 29 AUGUSTUS 2002 10 JULIE 2001
26	**RENTE / INTEREST**	10 JULIE 2001
27	**ROOK / SMOKING**	17 OKTOBER 2007
28	**SELFOON / CELLPHONE**	10 JULIE 2001
29	**SPORT**	3 NOVEMBER 2004

30	**STANDAARD DIENSVOORWAARDES / BASIC CONDITIONS OF SERVICE**	WORD KOLLEKTIEF BEDING
31	**STRAATHANDEL / INFORMELE HANDEL / INFORMAL STREET VENDORS**	4 JUNIE 2002
32	**STRATE / STREETS**	WORD KOLLEKTIEF BEDING
33	**SUBSIDIE VIR BEHOEFTIGE HUISHOUDINGS / INDIGENT HOUSING SUBSIDY**	10 JULIE 2001
34	**UITDIENSTREDINGSBONUSSE / RETIREMENT BONUS**	10 MAART 2004
35	**VERBOD OP & BEHEER OOR DIE AFVURING VAN VUURWERKE / CONTROL OF FIREWORKS**	23 JUNIE 2004 & 30 JUNIE 2004 10 MAART 2004
36	**VERHURING VAN AMPTELIKE WONINGS / RENTAL OF OFFICIAL HOUSES**	10 JULIE 2001
37	**VERKLARING VAN VERTROULIKHEID / DECLARATION OF CONFIDENTIALITY**	10 MAART 2004
38	**VERLOF / LEAVE**	10 JULIE 2001
39	**VERSKAFFINGSNETWERKBESTUUR: GEDRAGSKODE → INCORPORATED IN THE NEW SUPPLY CHAIN MANAGEMENT POLICY**	24 AUGUSTUS 2005
40	**VERVREEMDINGSBESTUUR → INCORPORATED IN THE NEW SUPPLY CHAIN MANAGEMENT POLICY**	24 AUGUSTUS 2005
41	**VOERTUIE / VEHICLE**	10 JULIE 2001
42	**VOORKOMING & ONDERDRUKKING VAN OORLASTE / PREVENTION OF NUISANCES**	
43	**VOORRAADBEHEER / ASSET CONTROL**	10 JULIE 2001
44	**WATERDIENSPLAN / WATER SERVICES PLAN**	DRAFT
45	**WERWING & KEURING/ RECRUITMENT**	23 JUNIE 2004 & 30 JUNIE 2004 4 JUNIE 2002
46	**WET OP BEVORDERING VAN TOEGANG TOT INLIGTING / ACCESS TO INFORMATION**	29 OKTOBER 2003
47	**EIENDOMSBELASTINGBELEID / RATES POLICY**	5 FEBRUARIE 2009 26 MEI 2009
48	**TARIEFBELEID / TARIFF POLICY**	5 MEI 2011 15 SEPTEMBER 2008
49	**BEGROTINGS BELEID / BUDGET POLICY**	5 MEI 2011
50	**MEENTBELEID / COMMONAGE POLICY**	

CHAPTER 5

FINANCIAL PERFORMANCE

STATEMENTS OF FINANCIAL PERFORMANCE

This Key Performance Area is without any doubt the most important one, since no business or organization can fulfill its obligations without financial resources and sound financial management.
The performance of Karoo Hoogland during the year under review must be benchmarked against the performance during the previous financial years.
While the 2008/09 and 2009/10 and especially 2010/11 saw a major improvement in the financial results and the Audit opinion, the 2010/11 showed a drastic decline in both the administration and financial viability of the Council.

The Budget and IDP was approved within the time limits and further financial constrains were put in place to ensure that the Municipality can fore full its obligations. The municipally is still depending on grants for any major projects.

The Annual Financial Statements for the three previous years were completed and is the Council waiting for the 3013/2014 financial report ,the two previous report where received and will an audit recovery plan be drawn up to rectify the various issues as indicated in the report.

5.1 STATEMENT OF FINANCIAL PERFORMANCE

APPENDIX D - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VS BUDGET FOR THE YEAR ENDED 30 JUNE 2014
MUNCIPAL VOTE CLASSIFICATION

Department	Actual Income 2014	Actual Expenditure 2014	Surplus/(Deficit) 2014
Administration	598 776	4 455 989	(3 857 213)
Cemetery	11 319	127 509	(116 191)
Commonage	438 875	154 620	284 254
Council General Expenditure	6 337 649	4 383 212	1 954 437
Director Economic Development	1 485	151 730	(150 245)
Director Finance	20 513 182	13 627 479	6 885 703
Electricity	9 193 099	9 701 341	(508 242)
Health	3 590	47 517	(43 927)
Library	38 740	47 565	(8 825)
Parks,Trees and Recreation	19 683	1 375 703	(1 356 020)
Rates and Taxes	7 838 048	3 070 615	4 767 433
Sanitation and Refuse	9 168 461	7 757 469	1 410 992
Streets and Public Works	131 847	12 409 643	(12 277 797)
Television	-	497	(497)
Townhall and Buildings	149 932	542 339	(392 407)
Water	5 345 904	6 364 819	(1 018 916)
Less: Inter-Departemental Charges			-
Total	**59 790 589**	**64 218 048**	**(4 427 460)**

APPENDIX E(1) - Unaudited
KAROO HOOGLAND LOCAL MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VS BUDGET FOR THE YEAR ENDED 30 JUNE 2014

	Actual 2014	**Budget 2014**	**Variance 2014**
REVENUE			
Property rates	4 499 439	5 399 848	(900 409)
Government Grants and Subsidies	29 930 980	17 339 000	12 591 980
Public contributions and Donations	1 485	-	1 485
Fines	5 519	4 500	1 019
Property rates penalies and Collection Charges	262 140	275 000	(12 860)
Service charges	12 112 031	15 211 771	(3 099 740)
Rental of facilities and equipment	695 194	691 500	3 694
Interest earned - external investments	146 147	35 000	111 147
Interest earned - outstanding debtors	525 780	400 000	125 780
Licences and permits	78 792	550	78 242
Agency services	220 798	243 000	(22 202)
Other revenue	275 609	80 250	195 359
Gains on disposal of PPE	234 907	-	234 907
Total Revenue	**48 988 821**	**39 680 419**	**9 308 402**
EXPENDITURE			
Executive and Council	(2 961 668)	(2 654 994)	(306 674)
Budget and Treasury	(10 701 420)	(8 494 422)	(2 206 998)
Civil Electr Technical	-	-	-
Corporate Services	(3 850 432)	(4 763 201)	912 769
Planning and Development	(151 730)	(71 000)	(80 730)
Health	(43 927)	(10 400)	(33 527)
Community and Social	(837 674)	(869 373)	31 699
Housing			-
Public Safety			-
Sport and Recreation	(1 375 703)	(1 045 378)	(330 325)
Waste Water Management	(6 000 477)	(6 281 305)	280 828

Streets and Public Works	(12 277 797)	(1 951 027)	(10 326 770)
Water	(5 762 345)	(3 898 123)	(1 864 222)
Electricity	(9 453 108)	(9 569 443)	116 335
Total Expenditure	**(53 416 281)**	**(39 608 666)**	**(13 807 615)**
SURPLUS/(DEFICIT) FOR THE YEAR	**(4 427 460)**	**71 753**	**(4 499 213)**

Due to the approved budget the correlation between actual and budget figures are distorted. Budgeted income was not achieved while the Budgeted Expenditure was in some instances exceeded. During the latter part of the period under review all expenditure not classified as essential, was curtailed.

5.2 GRANTS

Grants received were spend during the period under review. Due to inadequate reporting certain expenditure were not claimed resulting in a cash flow problem. This situation was subsequently rectified and the outstanding funds were received.

SPENDING AGAINST CAPITAL BUDGET

5.3 CAPITAL EXPENDITURE

The funding for the capital budget is derived from Grants. All funds received were spend.

CASH FLOW MANAGEMENT AND INVESTMENTS

5.4 CASH FLOW

As set out in preamble the cash flow situation of the municipality is under severe pressure. On various occasions the municipality could not fulfill its obligations and were there R6,01m in creditors that remained unpaid. This situation escalated further subsequently to the period under review. It is imperative that expenditure be curtailed following corrective budgeting procedures. Credit Control needs to be addressed urgently.

5.5 BORROWING AND INVESTMENTS

No funds were borrowed under the period of review.

OTHER FINANCIAL MATTERS

5.6 SUPPLY CHAIN MANAGEMENT

Due to the limited number of suppliers in the region it happens often that goods and services are procured from the sole suppliers. During the period under review the then Municipal Manager flaunted SCM regulations on a few occasions and were contractors appointed without following the correct procedures. These transgressions are pointed out in the Annual Financial Statements for review by the Auditor – General.

5.7 GRAP COMPLIANCE

The Annual Financial Statements will be GRAP compliant. The Financial Statements were compiled by the CFO Mr M Botha

CONCLUSION

Although the year was full of challenges there is still room for improvement.

In addition to what the Mayor has said it should be noted that the financial statistics contained in this report cannot be verified as it has not been audited due to the fact that the Municipality had not yet received the audit report regarding the year under review.